



House Bill 666.01

EXHIBIT 3
DATE 3-24-09
HB 666

House Bill 666.01 was introduced by Rep. Wayne Stahl. This bill is not currently scheduled for hearing but will be heard before the House Committee on Taxation. The bill will likely be heard on Tuesday, March 24, or Wednesday, March 25, 2009.

▪ **Section One establishes a new, limited circuit breaker**

- Creates an income tax credit for property taxes billed or rent-equivalent tax paid, in excess of 3% of the property owner or renter's total household income
 - Limited to claimants with household income of \$50,000 or less
 - Household defined as "an association of persons who live in the same dwelling, sharing its furnishings, facilities, accommodations, and expenses"
 - Household income is defined as gross household income minus \$6,300
 - Income is defined as FAGI without regard to losses plus all nontaxable income
 - Income is reduced by basis
- Applies only to qualified residences
 - Class 4 residential dwellings, including units of a multi-unit dwelling, trailers and manufactured or mobile homes
 - Must be occupied for at least 7 months a year
 - 7 month period of occupation may be split between up to two class 4 residential dwellings
 - Includes up to 1 acre of land beneath the dwelling
- The income tax credit is capped at \$1,000
- The income tax credit is not refundable
- Only one claim may be made with respect to any property
- Certain claimants age 65 and older are entitled to 150% of the credit
 - Must have income less than 66% of median federal agi

- Certain claimants 125% of the credit
 - Must have income less than 33% of median federal agi
- **Section 2 amends existing section 2-15-122 (creation of advisory counsels)**
 - The amendment is necessary because the bill also amends section 15-6-134 to repeal the property tax assistance program (PTAP)
 - Repeal of PTAP includes repeal of formula used in 2-15-122 to determine daily pay rates for advisory council members under 2-15-122
 - Recodifies the formula that had existed in 15-6-134 in 2-15-122
 - Does not result in a change in existing law
- **Section 3 amends existing section 5-2-301**
 - The amendment is necessary because the bill also amends section 15-6-134 to repeal the property tax assistance program (PTAP)
 - Repeal of PTAP includes repeal of formula used in 5-2-301 to determine daily pay rates for legislators under 5-2-301
 - Recodifies the formula that had existed in 15-6-134 in 5-2-301
 - Does not result in a change in existing law
- **Section 4 amends existing section 15-6-134**
 - Repeals PTAP
 - Amends current class 4 tax rate to 3%
- **Section 5 amends existing section 15-6-193**
 - Amends existing extended property tax assistance program (EPTAP)
 - Removes references to reappraisal cycles "beginning after December 31, 2008" (housekeeping)
 - Reduces qualifying real property appurtenant to qualifying residential dwellings from 5 acres to 1 acre
 - Increases household income, increases taxable value percentage, and increases taxable liability requirements
- **Section 6 amends existing section 15-6-222**
 - Amends existing exemption for class 4 residential property
 - Exemption amount is stepped down each year of the four-year reappraisal cycle
 - Rates are reduced from 34% in 2009 to 10% in 2012

- Amends existing exemption for class 4 commercial property
 - Exemption amount is stepped down each year of the four-year reappraisal cycle
 - Rates are reduced from 24% in 2009 to 6% in 2012
- **Section 7 amends existing section 15-7-111**
 - Reduces reappraisal cycle from six years to four years
 - Requires phase in of values over four years
 - Requires DOR to provide RATIC with a sales assessment ratio study during interim
- **Section 8 amends existing section 15-7-201**
 - Increases base water costs and labor costs associated with irrigated agricultural land
 - Changes base crop for non-irrigated land to spring wheat
- **Section 9 amends existing section 15-7-202**
 - Amends marketing and carrying capacity requirements for land to be eligible for classification as agricultural land
 - Increases annual gross income requirements from \$1,500 to \$2,960
 - Establishes new requirement that the Department adjust this amount each year for inflation
- **Section 10 amends existing section 15-10-420**
 - Amends existing law that requires mill calculation of state mills be rounded up to the nearest whole mill
 - Requires the mills to be calculated to nearest 1/100 of a mill
- **Section 11 amends existing section 15-16-102**
 - Amendment is necessary to reflect repeal of PTAP
- **Section 12 amends existing section 15-44-103**
 - Creates a forest lands taxation advisory committee
 - establishes terms
 - establishes scope of review
- **Section 13 amends existing section 47-1-111**
 - Amendment is necessary because the bill also repeals section 15-30-171 (Elderly homeowner/renter credit [2EC])

- Repeal of 2EC includes repeal of formula used in 47-1-111 to determine indigence for purposes of assignment of legal counsel
 - Recodifies the formula that had existed in 15-30-171 into the text of 47-1-111
 - Does not result in a change in existing law
- **Section 14 amends existing section 53-4-1103**
 - Amendment is necessary because the bill also repeals section 15-30-171 (Elderly homeowner/renter credit [2EC])
 - Repeal of 2EC includes repeal of formula used in 53-4-1103 to determine income for purposes of the Healthy Montana Kids Program
 - Changes citation from 15-30-171(9)(a) to [section 1] of this bill
- **Section 15 amends existing section 53-6-1001**
 - Necessary to reflect the repeal of 15-30-171
 - Repeal of 2EC includes repeal of formula used in 53-6-1001 to determine gross household income for purposes of the prescription drug plus discount program
 - Changes citation from 15-30-171 to [section 1] of this bill
 - Does not result in a change in existing law
- **Section 16 repeals various laws no longer necessary under the provisions of this bill**
- **Section 17 provides codification instructions**
- **Section 18 makes the bill effective upon passage and approval**
- **Section 19 makes the bill retroactively applicable to tax years after December 31, 2008**

**Proposed Tax Rates, Market Value Exemptions, and Residential Taxable Exemptions - HB666 - TY 2009 - TY 2012 - 4
Year Phase-In - Assumes 95 Mills Stays**

03/24/09

	Current Law	Proposed Law			
	TY08	TY09	TY10	TY11	TY12
Tax Rates					
Residential Property	3.01%	3.00%	3.00%	3.00%	3.00%
Commercial Property	3.01%	3.00%	3.00%	3.00%	3.00%
Ag Land	3.01%	3.01%	3.01%	3.01%	3.01%
Timber Land	0.35%	0.35%	0.35%	0.35%	0.35%
Market Value Exemptions					
Homestead	34.00%	34.00%	30.00%	20.00%	10.00%
Comstead	15.00%	24.00%	18.00%	12.00%	6.00%
State Mill Levy		0.095	0.093	0.089	0.089

Residential Property					
Unmitigated Revenue	95,645,867	108,166,773	120,687,680	133,208,586	145,729,492
4Yr Cycle, Proposed Law	95,645,867	107,807,415	124,891,000	150,764,617	185,552,660
Impact of Proposal - Difference	-	(359,358)	4,203,321	17,556,031	39,823,168
Unmitigated - Compared with Change from TY 2008		12,520,906	25,041,812	37,562,719	50,083,625

Commercial Property					
Unmitigated Revenue	27,530,622	30,032,720	32,534,818	35,036,916	37,539,015
4Yr Cycle, Proposed Law	27,530,622	26,763,573	30,623,682	33,869,656	38,762,605
Impact of Proposal - Difference	-	(3,269,147)	(1,911,136)	(1,167,261)	1,223,590
Unmitigated - Compared with Change from TY 2008		2,502,098	5,004,196	7,506,295	10,008,393

Agricultural Property					
Unmitigated Revenue	13,499,373	14,645,367	15,791,362	16,937,357	18,083,352
4Yr Cycle, Proposed Law	13,499,373	14,084,965	14,361,703	14,292,603	14,841,210
Impact of Proposal - Difference		(560,403)	(1,429,659)	(2,644,754)	(3,242,141)
Unmitigated - Compared with Change from TY 2008		1,145,995	2,291,990	3,437,984	4,583,979

Timberland					
Unmitigated Revenue	647,484	734,976	822,468	909,961	997,453
4Yr Cycle, Proposed Law	647,484	734,976	805,153	852,490	934,456
Impact of Proposal - Difference		-	(17,315)	(57,471)	(62,997)
Unmitigated - Compared with Change from TY 2008		87,492	174,985	262,477	349,969

Amount Available for Circuit Breaker 12,067,584 33,358,194 62,456,020 102,767,587

Administrative Costs 2,575,035 3,279,415 3,738,885 5,663,835



Updated 3/10/09

**2009 Reappraisal Statistics by Montana County for
Analysis of Owner Occupied Properties With Increase Above the 150%
International Association of Assessing Officers Standard**

County Name	Number of Residential Parcels	Full Reappraisal 2009 Value	Full Reappraisal 2008 Value	Change in Reappraisal	Average Dollar Increase	Average % Increase
Beaverhead	20	2,290,891	619,873	1,671,018	83,551	270%
Big Horn	4	439,007	150,166	288,841	72,210	192%
Blaine	5	228,062	68,095	159,967	31,993	235%
Broadwater	28	5,086,924	1,044,380	4,042,544	144,377	387%
Carbon	31	4,300,198	1,424,660	2,875,538	92,759	202%
Carter	1	28,436	8,299	20,137	20,137	243%
Cascade	34	5,834,256	1,648,200	4,186,056	123,119	254%
Chouteau	6	427,393	114,543	312,850	52,142	273%
Custer	38	6,439,520	2,138,382	4,301,138	113,188	201%
Daniels	2	272,796	17,598	255,198	127,599	1450%
Dawson	168	9,794,887	3,042,817	6,752,070	40,191	222%
Deer Lodge	20	1,579,301	493,462	1,085,839	54,292	220%
Fallon	1	49,064	13,149	35,915	35,915	273%
Fergus	15	1,233,219	373,790	859,429	57,295	230%
Flathead	784	572,696,082	166,292,604	406,403,478	518,372	244%
Gallatin	218	78,523,544	26,114,668	52,408,876	240,408	201%
Garfield	15	666,073	208,605	457,468	30,498	219%
Glacier	2	124,969	12,698	112,271	56,136	884%
Golden Valley	1	69,130	1,848	67,282	67,282	3641%
Granite	-	-	-	-	-	0%
Hill	12	359,881	132,342	227,539	18,962	172%
Jefferson	41	6,202,984	1,618,302	4,584,682	111,822	283%
Judith Basin	9	361,863	118,444	243,419	27,047	206%
Lake	822	852,642,349	243,141,152	609,501,197	741,486	251%
Lewis And Clark	82	22,250,792	5,517,164	16,733,628	204,069	303%
Liberty	-	-	-	-	-	-
Lincoln	80	29,045,321	9,134,581	19,910,740	248,884	218%
Madison	45	7,192,708	1,904,106	5,288,602	117,524	278%
McCone	2	72,739	23,718	49,021	24,511	207%
Meagher	8	2,193,475	246,060	1,947,415	243,427	791%
Mineral	18	4,489,943	1,485,733	3,004,210	166,901	202%
Missoula	9	1,233,167	279,855	953,312	105,924	341%
Musselshell	10	499,916	140,290	359,626	-	0%
Park	180	44,761,515	14,846,977	29,914,538	166,192	201%
Petroleum	1	35,900	13,699	22,201	22,201	162%
Phillips	22	756,361	237,124	519,237	23,602	219%
Pondera	-	-	-	-	-	-
Powder River	2	39,950	14,288	25,662	12,831	180%
Powell	6	385,292	102,732	282,560	47,093	275%
Prairie	1	30,760	10,429	20,331	20,331	195%
Ravalli	71	18,575,388	5,455,784	13,119,604	184,783	240%
Richland	32	2,813,340	800,337	2,013,003	62,906	252%
Roosevelt	1	27,981	8,479	19,502	19,502	230%
Rosebud	11	612,003	220,065	391,938	35,631	178%
Sanders	128	20,075,555	6,561,407	13,514,148	105,579	206%
Sheridan	-	-	-	-	-	0%
Silver Bow	52	3,493,015	1,144,442	2,348,573	45,165	205%
Stillwater	5	1,080,210	351,701	728,509	145,702	207%
Sweet Grass	3	767,126	187,157	579,969	193,323	310%
Teton	1	47,765	14,185	33,580	33,580	237%
Toole	1	40,200	14,699	25,501	25,501	173%
Treasure Valley	-	-	-	-	-	-
Valley	20	2,172,883	538,920	1,633,963	81,698	303%
Wheatland	-	-	-	-	-	-
Wibaux	2	136,989	9,028	127,961	63,981	1417%
Yellowstone	50	7,258,036	2,606,655	4,651,381	93,028	178%
Total	3,120	1,719,739,159	500,667,692	1,219,071,467	390,728	243%